

Before the
Federal Communications Commission
Washington, D.C. 20554

DEC 4 - 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of

Amendment of the Commission's Rules
to Establish Part 27, the Wireless
Communications Service ("WCS")

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GN Docket No. 96-228

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Comments of ALLTEL Mobile Communications, Inc.

ALLTEL Mobile Communications, Inc. ("ALLTEL") hereby submits its
comments in the above-captioned matter.¹ As an initial matter, ALLTEL
acknowledges that the Commission is constrained through the instant rule making to
fulfill its legislative mandate without regard to what otherwise might be legitimate
debate over the wisdom of auctioning spectrum at this time for flexible service

¹ Notice of Proposed Rule Making in the Matter of Amendment of the Commission's Rules to Establish Part 27, the Wireless Communications Service ("WCS"), GN Docket No. 96-228, FCC 96-441 (released November 8, 1996) (the "NPRM"). The NPRM set December 4, 1996 as the deadline for filing comments in this matter.

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offerings, the demand for which is either undefined or currently well met.² ALLTEL commends the Commission for moving forward with the dispatch required by Congress despite the ever increasing demands on its resources and applauds the Commission's proposal for flexible, market-based spectrum use. The challenge facing the Commission is to design an auction process which is equally flexible and which addresses each mandate of the Communications Act, and in particular, those contained in Section 309(j)(3).

I. Permitted Services.

ALLTEL concurs with the Commission's proposal to permit WCS licensees to use the spectrum for any use permitted within any of the allocation categories of fixed, mobile, radiolocation and broadcasting satellite services. (NPRM at para. 9). Auctions are a marketplace solution to awarding licenses; a marketplace approach to the allocations process under which prospective licensees bid on spectrum based upon the value of their intended use naturally follows. The results of the Commission's proposal are to enlarge the universe of potential bidders and to permit the spectrum to be valued on the basis of the various services. Both results are in the public interest.

² ALLTEL notes that with the advent of PCS, the traditional market for CMRS services will be immensely competitive and consumers will have ample choices among facilities-based carriers without the additional WCS allotment. In view of the defaults of certain C block applicants due to the unavailability of financing, the market for CMRS services may already be showing signs of saturation.

II. License Service Areas.

ALLTEL concurs with the Commission's conclusion that licensing WCS spectrum over larger geographic areas would facilitate the introduction and operation of the broadest range of new services in the most efficient manner. (NPRM at para. 10). The use of MTAs for licensing purposes provides the most flexible and realistic opportunity for the Commission to balance the potentially conflicting goals of auction efficiency and conservation of resources with making WCS licenses available to the largest universe of potential bidders for the provision of the broadest range of services.

ALLTEL opposes the use of a nationwide license scheme inasmuch as it essentially prejudices both the size of the auction participants and the services to be provided over WCS spectrum. For example, smaller entities wishing to provide point-to-point microwave service in discrete territories would, in practice, be foreclosed from participating at auction should the Commission adopt a national license scheme.³

While the Commission suggests that a nationwide license would afford greater roaming and interoperability as well as economies of scale (NPRM at para. 11), ALLTEL notes that a nationwide license scheme was considered and rejected in the PCS rule making. It would now be manifestly unfair to permit a single large entity providing PCS service over the WCS spectrum to avail itself of the efficiency of a nationwide

³ While the Commission is considering permitting WCS licensees to freely partition markets and disaggregate spectrum, ALLTEL notes that no licensee would be under the obligation to do so. Rather, it is the Commission's obligation under Section 309(j)(3) to make opportunities available at auction to the largest variety of potential bidders.

license to the detriment of other PCS licensees who, having already paid their money and taken their chances at auction, are operating under a different regulatory regime.

III. Spectrum for Each License.

In order to maintain the maximum flexibility for participants of all sizes to provide differing services, ALLTEL suggests that the Commission auction the WCS spectrum in six 5 Mhz unpaired blocks. Those entities seeking to provide services requiring greater bandwidth would not be foreclosed from aggregating sufficient spectrum to provide their service. Similarly, entities needing less bandwidth would not be required to purchase more spectrum than needed. In view of the Commission's proposal to exclusively use electronic bidding and filing procedures, the administration of an auction for 306 licenses (six 5 Mhz blocks over 51 MTAs) should not constitute an undue administrative burden given the Commission's PCS auction experience.

IV. Service and Technical Rules.

ALLTEL concurs with the Commission's proposal to permit open eligibility for WCS and opposes any application of the CMRS spectrum caps to the WCS spectrum as inherently inconsistent with the notion of flexible spectrum use. Entities seeking to obtain WCS spectrum to provide wireless cable, wireless fixed local loop, wireless internet access or any of a host of existing and potential non-CMRS services should not be precluded from doing so simply by virtue of their affiliation with a CMRS licensee providing two-way mobile voice service.

In conclusion, ALLTEL believes that industry, the Commission and the public are best served by an auction process which affords participants the maximum

flexibility to participate and provide the services which in their judgment are most innovative and most in demand. The flexibility embodied in the Commission's NPRM would, with the recommendations above, ensure the most successful and inclusive auction possible.

Respectfully submitted,

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